

STATE OF HAWAII
REQUEST FOR EXEMPTION FROM CHAPTER 103F, HRS

To: Chief Procurement Officer

'06 SEP -7 A7:01

From: DOH/CDD/STD-AIDS
Department/Division/Agency

Pursuant to § 103F-101(a)(4), HRS, and Chapter 3-141, HAR, the Department requests a procurement exemption to purchase the following:

Title and description of health and human service(s):

Drug Co-Payments for HIV-Related Medications and Associated Pharmacy Support Services to Individuals Enrolled in the HIV Drug Assistance Program (HDAP)

Using Federal Ryan White CARE Act funds, the State shall pay individual's share of cost (deductibles, co-pays, and/or co-insurance) for HIV-related medications for individuals: who meet financial eligibility requirements for the state's HIV Drug Assistance Program (HDAP); who have health insurance that covers prescriptions drugs; whose insurance coverage for prescription drugs is inadequate and leaves them with share of costs that they cannot afford to pay; and who are ineligible for payment of these costs by another assistance program. Individuals who receive co-payment assistance for HIV medications through HDAP shall also receive pharmacy support service to assist the patient with adherence to the prescribed medication regimens, to provide patient education information, and to ensure that excess medications are not dispensed.

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| Provider Name: ProCare Pharmacy Inc dba CVS ProCare Pharmacy #2915 | Total Contract Funds: \$250,000 | Term of Contract: From: To: 8/1/2006 6/30/2007 (or date of approval) |
| Provider Address: PO Box 99794 Chicago, IL 60690-7594 (local address: 970 N. Kalaheo Ave, Ste A-203 Kailua, HI 96734) | Contract Funds per Year (as applicable). | |

Explanation describing how procurement by competitive means is either not practicable or not advantageous to the State:

The service to be procured (co-payment and pharmacy support) complements an existing service (distribution and pharmacy support) that was competitively procured (described below). Procurement exemption to allow the existing service provider to provide the co-payment service would represent a cost savings for the State over the existing service alone. Procuring the co-payment service through other providers is not practical because HDAP does not have the infrastructure to register clients with multiple pharmacies and thereby insure that State is billed only for eligible HDAP-enrolled individuals; it is not desirable because other pharmacies would not provide the needed pharmacy support services; and it is not advantageous because the amount of an individual's cost share is not determined by the pharmacy, but rather is predetermined by the individual's insurance coverage and as such competitive procurement for these services would involve no potential cost savings for the state.

HDAP provides HIV-related medications to people with HIV who have limited income and are uninsured or underinsured. The Health Department requests a procurement exemption to allow CVS ProCare to bill the State for HDAP-eligible clients' share of cost for HIV-related medications (co-payments, co-insurance and deductibles) that remains after the individual's private or public insurance has been billed.

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Currently, medications are purchased from a wholesaler (AmerisourceBergen) and are then dispensed to HDAP-enrolled patients by two entities: CVS ProCare and Kaiser Permanente Hawai'i. The purchase of medications was procured through an Invitation For Bids under 103D. The pharmacy services of CVS ProCare were procured through an RFP under 103F and include dispensing and delivery of medications and monthly contact with HDAP-enrolled patients to assist patients with adherence to the prescribed medication regimens, to provide patient education information, and to ensure that excess medications are not dispensed. The current pharmacy services do not include purchase of medications.

CVS ProCare is able to fill prescriptions written by any licensed physician and dispense medications to members of any health plan in the state except for members of Kaiser Permanente Hawai'i. (Kaiser dispenses medications to HDAP-enrolled patients who receive medical care through Kaiser. HDAP provides Kaiser with replacement of the HIV-related medications that Kaiser dispenses to HDAP-enrolled patients. Patient contact for adherence etc., is provided to HDAP-enrolled Kaiser members by the staff of Kaiser's HIV specialty clinic. The State has no contractual relationship with Kaiser for these services and Kaiser receives no payment from the State for these services.)

Adherence to HIV medication regimens is critical in avoiding treatment failure. Poor adherence can lead to the need for more expensive treatments and worse health outcomes for the individual patient. Poor adherence may also have broader public health implications such as increased HIV transmission and transmission of drug resistant strains. It is essential that co-payments be handled through HDAP's existing pharmacy distribution points rather than through other pharmacies so that HDAP patients receive adherence support services. The adherence support services help ensure that HIV medications purchased by HDAP are used as effectively as possible, and in the best interest of both the individual patient and the public health.

The current pharmacy services were procured in 2003. At that time, paying co-payments was considered an additional service that the program could not afford to provide. Since then, however, analysis of program enrollment and applications reveals a significant and increasing number of clients who are not wholly uninsured but who have some level of inadequate insurance coverage. In addition, among uninsured clients there are some indications that individuals may have dropped insurance in order to become eligible for HDAP. Based on this analysis, paying co-payments is now considered to represent potential cost savings rather than additional cost. The current CVS ProCare contract expires 6/30/2007 and the next competitive procurements of pharmacy services will include payment of underinsured patient's cost share.

HDAP purchases medications at or below Public Health Service (340B) pricing. Currently HDAP spends \$830 per month to provide HIV-related medications to a typical HDAP-enrolled patient and monthly costs for some patients can exceed \$2,800. Most HDAP-enrolled patients have no insurance coverage for prescription drugs. Some current HDAP-enrolled patients have private insurance that provides some coverage for prescription drugs, but with a level of coverage that is inadequate to enable the individual to access HIV-related medications through their private insurance. The most common inadequate insurance coverage requires payment by the covered individual of 20% of the cost of the medication. An individual taking a combination of medications typical for an HDAP-enrolled patient can have monthly co-pays of \$250 and an individual with the highest drug costs can have monthly co-pays of \$1,000. (Because private insurance plans pay significantly higher prices for HIV medications than does HDAP, a 20% co-payment is significantly more than 20% of the cost to HDAP.) Without the ability for HDAP to be billed for individual's cost share, the only option is to enroll these underinsured individuals into HDAP and bear the full cost for their medications. If granted, this procurement exemption would allow an alternative that ensures access for eligible clients and is advantageous to the State by shifting most of the cost for insured clients to their insurance carriers.

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Details of the process or procedure to be followed in selecting the service provider to ensure maximum fair and open competition as practicable:

As described above, the existing pharmacy service preformed by CVS ProCare resulted from competitive procurement. The service for which an exemption is sought would be added to the existing service for the duration of the current contract. The next procurement of pharmacy service will include the co-payment service and will be a competitive procurement under 103F with services to begin 7/1/2007

The requested exemption represents a stop-gap measure to permit the service until it can be procured along with the other pharmacy services.

A description of the state agency's internal controls and approval requirements for the exempted procurement: Participants in this program must have applied and been approved by HDAP to become a client based on formal written criteria including income, HIV status, residence, insurance coverage etc. they are assigned a client number.

All medications that can be supported through this program are prescribed by physicians and must be already listed on the HDAP formulary which is based on Public Health Service Guidelines.

All billing by CVS to HDAP under this program will provide client number, medications provided, date of service and costs/charges.

Program will verify client number, medications are on formulary and other information for each billing and maintain ongoing records of this information on an individual client basis, for monitoring and control.

A list of state agency personnel, by position title, who will be involved in the approval process and administration of the contract:

Peter Whitarcar, STD/AIDS Prevention Branch Chief

Timothy McCormick, Public Health Educator IV

Lucy Ndirangu, HIV Drug Assistance Program Specialist

Marilyn Kahanu, Clerk Stenographer II

Kevin Nomura, Public Health Administrative Officer

Direct questions to (name & position):
Peter Whitarcar

Phone number:
733-9010


e-mail address:
whitarcar@lava.net

This exemption should be considered for list of exemptions attached to Chapter 3-141, HAR: Yes ☐ No ☒

I certify that the information provided above is to the best of my knowledge, true and correct.

STATE OF HAWAII

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for Department Head Signature
Chiyome Leinaala Fukino, M.D.
Typed Name

AUG 31 2006

Date

Director of Health


Position Title

Chief Procurement Officer's Comments:

Please ensure adherence to applicable administrative requirements.

☒ Approved

☐ Denied


Chief Procurement Officer

Date

9/15/06

cc: Administrator
State Procurement Office

State of Hawaii
Notice of Request for Exemption from Chapter 103F, HRS

The chief procurement officer is considering this request for exemption and, if there is good cause, the state intends to exempt the purchase as described in the request. Any inquiries regarding the purchase shall be directed to the contact person noted on page two of the request. Any concerns regarding the exemption shall be in writing and received by the chief procurement officer within seven days of the date the notice was first posted. Concerns shall be mailed to: Aaron Fujioka, Chief Procurement Officer, State Procurement Office, 1151 Punchbowl St., #230A, Honolulu, HI 96813.